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SENATE

REPORT
99-144

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

SEPTEMBER 26 (legislative day, SEPTEMBER 23), 1985.—Ordered to be printed

Mr. PACKWOOD, from the Committee on Finance, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.J. Res. 372]

The Committee on Finance, to which was referred the bill (H.J. Res. 372) to increase the permanent public debt limit, having considered the same, reports favorably thereon without amendment, and recommends that the bill do pass.

I. SUMMARY

H.J. Res. 372 provides initially for an increase of $24 billion in the permanent debt limit from $1,823.8 billion to $1,847.8 billion, which would become effective on enactment.

An additional increase of $230.9 billion which would raise the permanent public debt limit to $2,078.7 billion would go into effect on October 1, 1985.

The debt limit levels in this bill are the amounts approved by the Congress in the Conference Report on the Budget Resolution for fiscal year 1986 (S. Con. Res. 32).

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TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO DATE, AND PROPOSED PERMANENT LIMIT

[In billions of dollars]

Fiscal year	Statutory debt limitation		
	Permanent	Temporary additional	Total
1947–1958 through Feb. 25	275	.....	275
1958: Feb. 26 through June 30	275	5	280
1959 through Sept. 1	275	5	280
1959: Sept. 2 through June 29	283	5	288
1959: June 30	288	5	290
1960	285	10	295
1961	285	8	293
1962 through Mar. 12	285	13	298
1962: Mar. 13 through June 30	285	15	300
1963 through Mar. 31	285	23	308
1963: Apr. 1 through May 28	285	20	305
1963: May 29 through June 30	285	22	307
1964 through Nov. 30	285	24	309
1964: Dec. 1 through June 28	285	30	315
1964: June 29 and 30	285	30	342
1965	285	39	324
1966	285	43	328
1967 through Mar. 1	285	45	330
1967: Mar. 2 through June 30	285	51	336
1968 [1]	358	.....	358
1969 through Apr. 6 [1]	358	7	365
1969 after Apr. 6 [1]	358	.....	358
1970 through June 30 [1]	365	12	377
1971 through June 30 [1]	380	15	395
1972 through June 30 [1]	400	50	450
1973 through Oct. 31 [1]	400	50	450
1973 through June 30 [1]	400	65	465
1974 through Nov. 30 [1]	400	65	465
1974: Dec. 3 through June 30 [1]	400	75.7	475.7
1975 through Feb. 18 [1]	400	95	495
1975: Feb. 19 through June 30 [1]	400	131	531
1976 through Nov. 15 [1]	400	177	577
1976 through Mar. 15 [1]	400	195	595
1976 through June 30 [1]	400	227	627
TQ: from enactment through Sept. 30, 1971 [1]	400	236	636
1977: from Oct. 1, 1976 through Mar. 31, 1977 [1]	400	282	682
1977: from Apr. 1 through Sept. 30, 1977 [1]	400	300	700
1978: from Oct. 1, 1977, through July 31, 1978 [1]	400	352	752
1978: from Aug. 3, 1978, through Mar. 31, 1979 [1]	400	398	798
1979: from Apr. 2 through Sept. 30, 1979 [1]	400	430	830
1980 through June 30, 1980 [1]	400	479	879

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO DATE, AND PROPOSED PERMANENT LIMIT—CONTINUED

[In billions of dollars]

Fiscal year	Statutory debt limitation		
	Permanent	Temporary additional	Total
1981 through Feb. 28, 1981 [1]	400	525	925
1981 through Sept. 30, 1981 [1]	400	535.1	935.1
1981 through Sept. 30, 1981 [1]	400	585	985
1982 through Sept. 30, 1982 [1]	400	679.8	1,079.8
1982 through Sept. 30, 1982 [1]	400	743.1	1,143.1
1982 through Sept. 30, 1983 [1]	400	890.2	1,290.2
1983 [1]	1,389	.....	1,389
1984 [1]	1,490	.....	1,490
1984 [1]	1,520	.....	1,520
1984 [1]	1,573	.....	1,573
1985 [1]	1,823.8	.....	1,823.8
Proposed:			
1985 [1]	1,847.8	.....	1,847.8
1986 [1]	2,078.7	.....	2,078.7

[1] Includes FNMA participation certificates issued in fiscal year 1968.

II. EXPLANATION OF PROVISIONS

A. Increase in the Limit on the Public Debt

Present Law

The present permanent limit on the public debt is $1,823.8 billion, which was enacted on October 13, 1984 (P.L. 98–475). A permanent debt limit has no expiration date.

Reasons for Change

Current debt situation

The outstanding public debt at the close of business on September 17, 1985, was $25 million below the $1,823.8 billion current statutory limit on the public debt. Treasury Department's operating cash balance was $21.1 billion, which is $3.9 billion below the preferred $25 billion operating cash balance and allowance for contingencies.

The Treasury Department told the Committee on Finance during its public hearing that the increases in the public debt limit will be necessary by September 30, 1985, if the Treasury Department is to carry out its statutory obligations with regard to investment of funds of several trust funds. On September 30, the Federal contribution to the Civil Service Retirement trust fund of about $16 billion must be paid and invested. Similarly, a $10 billion payment and investment in the Military Retirement fund is due on October 1, and an additional $1.8 billion must be paid to and invested for the Federal Supplementary Medical Insurance trust fund. Finally, an advance of estimated social security October receipts must be deposited in the OASDI trust fund in the form of Federal securities on October 1. These amounts add to a $40 billion requirement in a 4-day period. Thus, at that time, it is anticipated that the Treasury Department would not be able to meet Federal Government obligations as they become due, unless the statutory debt limit is increased before then.

Budget perspective

Under the budget resolution for fiscal years 1985 and 1986 that was approved by Congress last month, estimated budget deficits will be large but declining as a result of spending and tax changes mandated in the reconciliation provisions. As shown in table 2, the budget deficits for fiscal years 1985 and 1986 will be $209.8 billion and $171.9 billion, respectively.

The Administration's current estimates for the two fiscal years, which were published in its Mid-Session Review on August 30, 1985, are not appreciably different from the budget totals in the budget resolution. These totals also are shown in table 2.

TABLE 2.—ESTIMATED BUDGET TOTALS, FISCAL YEARS 1985 AND 1986

[Billions of dollars]

	Budget resolution		Administration	
	1985	1986	1985	1986
Outlays [1]	946.3	967.6	947.3	957.7
Receipts	736.5	795.7	736.0	779.8
Deficits	−209.8	−171.9	−211.3	−177.8

[1] Include off-budget outlays.
Detail may not add to totals due to rounding.

Consequences of delayed approval

Financing of deficit.—When the outstanding debt equals the statutory debt limit and the cash balance has been exhausted, the only issuing of debt that may lawfully take place is refunding of expiring issues. The Tresaury Department has announced that it has postponed the auctions of 4-year and 7-year notes and 20-year 1-month bonds which have been scheduled for the last week in September 1985 pending enactment of the public debt limit bill.

Among the bonds and other debt that could not be issued are savings bonds, and Treasury would have to send thousands of notices to employers who have payroll savings plans, banks and all other institutions through which savings bonds may be purchased. Sales could not be made of certain special issues for State and local governments which help these governments stay within the Federal arbitrage limits for tax-exempt bond issues.

Federal outlays.—Expenditures for all Federal Government activities could continue only until the operating cash balance is exhausted. These payments include—in the first three days of the month—social security benefits, civil service and military retirement payments, veterans benefits, and various other individual entitlement programs. Payments to government contractors, on fulfillment of obligations or as periodic performance payments, are made daily. Periodic interest payments on outstanding Federal debt are made mainly on the 15th day of the month in which they are due.

Spending priorities.—When there is doubt whether an increase in the public debt limit will be enacted before an existing limit will expire or be reached, speculation arises whether the President or Secretary of the Treasury has authority to exercise legally sanctioned priorities with respect to different spending programs. The best information available to the Committee on Finance indicates that no such priorities are in existence. Each law that authorizes expenditures or makes appropriations stands on equal footing, and there are no grounds for the Administration to distinguish a payment for any one program over any other program. As a consequence, the Secretary of the Treasury can be expected to make payment on the Federal Government's legal obligations to pay as they come due while cash remains in the till.

Explanation of Provision

After considering the matters discussed above as they relate to Federal finances, the committee voted to report the bill without amendment. This bill will increase the permanent public debt limit to $1,847.8 billion for the rest of fiscal year 1985 and to $2,078.7 billion on October 1, 1985. It is expected that the bill will provide the Secretary of the Treasury with sufficient authority to issue Federal debt obligations for financing the Federal Government's activities through fiscal years 1985 and 1986.

III. APPENDIX

TABLE I.—DEBT LIMITATIONS UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION

	In billions
Sept. 24, 1917:	
40 Stat. 288, sec. 1, authorized bonds in the amount of	[1] $7.5
40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding revolving authority	[2] 4.0
Apr. 4, 1918:	
40 Stat. 502, amending sec. 1, increased bond authority to	[1] 12.0
40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to	[3] 8.0
July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to	[2] 20.0
Mar. 3, 1919:	
40 Stat. 13, amending sec. 5, increased authority for certificates outstanding to	[2] 10.0
40 Stat. 1309, new sec. 18 added, authorizing note in the amount of	[1] 7.0
Nov. 23, 1921: 42 Stat. 321, amending sec. 18, increased note authority outstanding (established revolving authority) to	[2] 7.5
June 17, 1929: 46 Stat. 19, amending sec. 5, authorized bills in lieu of certificates of indebtedness; no change in limitation for the outstanding	[2] 10.0
Mar. 30, 1931: 46 Stat. 1506, amending sec. 1, increased bond authority to	[1] 28.0
Jan. 30, 1934; 49 Stat. 343, amending sec. 18, increased authority for notes outstanding to	[1] 10.0
Feb. 4, 1935:	
49 Stat. amending sec. 1, limited bonds outstanding (establishing revolving authority) to	[2] 25.0
49 Stat. 21, new sec. 21 added, consolidating authority for certificates and bills (sec. 5) and authority for notes (sec. 18); same aggregate amount outstanding	[2] 20.0
49 Stat. 21, new sec. 22 added, authorizing U.S. savings bonds within authority of sec. 1	
May 26, 1938: 52 Stat. 447, amending secs. 1 and 21, consolidating in sec. 21 authority for bonds, certificates of indebtedness, Treasury bills, and notes (outstanding bonds limited to $30,000,000,000). Same aggregate total outstanding	[2] 45.0
July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitations on bonds without changing total authorized outstanding bonds, certificates of indebtedness, bills and notes	[2] 45.0
July 25, 1940: 54 Stat. 526, amending sec. 31, adding new paragraph: "(b) In addition to the amount authorized by the preceding paragraph of this section, any obligation authorized by secs. 5 and 18 of this Act, as amended, not to exceed in the aggregate $4,000,000,000 outstanding at any one time, less any retirements made from the special funds made available under sec. 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated 'National Defense Series.'"	[2] 49.0
Feb. 19, 1941: 55 Stat. 7, amending sec. 21, limiting face amount of obligations issued under authority of act outstanding at any one time to	[2] 65.0
Eliminated separated authority for $4,000,000,000 of national defense series obligations	[2] 65.0
Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to	[2] 125.0
Apr. 11, 1943: 57 Stat. 63, amending sec. 21, increased limitation to	[2] 210.0

Apr. 3, 1945: 59 Stat. 47, amending sec. 21 to read: "The face amount of obligations issued under authority of this act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate, $300,000,000 outstanding at one time" ..... [2] 300.0

June 26, 1946: 60 Stat. 316, amending sec. 21, adding: "the current redemption value of any obligation issued on a discount basis which is redeemable to maturity at the option of the holder thereof, shall be considered, for the purposes of this section to be the face amount of such obligation," and decreasing limitations to ..... [2] 278.0

Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, increasing temporary limitation by $6,000,000,000 to ..... [2] 281.0

June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to ..... [2] 281.0

July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, increasing temporary limitation by $30,000,000,000 for period, beginning July 1, 1955, and ending June 30, 1957 to ..... [2] 278.0

Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1956, to ..... [2] 275.0

Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1969, increasing limitation by $5,000,000,000 ..... [2] 280.0

Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation by $5,000,000,000 ..... [2] 280.0

Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation to $238,000,000,000 which with temporary increase of Feb. 26, 1958, makes limitation ..... [2] 288.0

June 30, 1959: Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to $295,000,000,000, which with temporary increase Feb. 26, 1958, makes limitation on June 30, 1959 ..... [2] 290.0

Amending sec. 21, increasing limitation by $10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 3, 1959 ..... [2] 295.0

July 30, 1960: 74 Stat. 290, amending sec. 21, for period beginning on July 1, 1960, and ending June 30, 1961, temporarily increasing limitation by $8,000,000,000 ..... [2] 293.0

June 30, 1961: 75 Stat. 148, amending sec. 31, for period beginning on July 1, 1961, and ending June 3, 1972, increasing limitation by $13,000,000,000 to ..... [2] 298.0

Mar. 13, 1962: 75 Stat. 23, amending sec. 21 for period beginning on Mar. 13, 1962, and ending June 3, 1962, further increasing limitation by $2,000,000,000 ..... [2] 300.0

July 1, 1962: 76 Stat. 124 as amended by 77 Stat. 50, amending sec. 21, for period—

1. Beginning July 1, 1962, and ending Mar. 31, 1963 ..... [2] 308.0
2. Beginning Apr. 1, 1963, and ending June 24, 1963 ..... [2] 305.0
3. Beginning June 25, 1963, and ending June 30, 1963 ..... [2] 300.0

May 29, 1963: 77 Stat. 50, amending sec. 21, for period—

1. Beginning May 29, 1963, and ending June 30, 1963 ..... [2] 307.0
2. Beginning July 1, 1963, and ending Aug. 31, 1963 ..... [2] 309.0

Aug. 27, 1963: 77 Stat. 131, amending sec. 21, for the period beginning on Sept. 1, 1963, and ending on Nov. 30, 1963 ..... [2] 309.0

Nov. 26, 1963: Stat. 342, amending sec. 21, for the period—

1. Beginning on Dec. 1, 1963, and ending June 29, 1964 ..... [2] 315.0
2. On June 30, 1964 ..... [2] 309.0

June 29, 1964: 78 Stat. 225, amending sec. 21, for the period beginning June 29, 1964, and ending on June 30, 1965, increasing the temporary debt limit to ..... [2] 324.0

June 24, 1965: 79 Stat. 172, amending sec. 21, for the period beginning July 1, 1965, and ending on June 30, 1966, increasing the temporary debt limit to ..... [2] 328.0

June 24, 1966, 80 Stat. 21 amending sec. 21, for the period beginning July 1, 1966, and ending on June 30, 1967, increasing the temporary debt limit to ..... [2] 330.0

Mar. 2, 1967: 81 Stat. 4, amending sec. 21, for the period beginning Mar. 2, 1967, and ending on June 30, 1967, increasing the temporary debt limit to ..... [2] 336.0

June 30, 1967: 81 Stat. 99—

1. Amending sec. 21, effective June 30, 1967, increasing limitation to . [2] 358.0
2. Increasing the temporary debt limit by $7,000,000,000 for the period from July 1 to June 29 of each year, to make the limit for such period ..... [2] 365.0

Apr. 7, 1969: 84 Stat. 7—

1. Amending sec. 21, effective Apr. 7, 1969, increasing debt limitation to ..... [2] 365.0
2. Increasing the temporary debt limit by $12,000,000,000 for the period from Apr. 7, 1969, through June 30, 1970, to make the limit for such period ..... [2] 377.0

June 30, 1970: 84 Stat. 368—

1. Amending sec. 21, effective July 1, 1970, increasing debt limitation to ..... [2] 380.0
2. Increasing the temporary debt limit by $15,000,000,000 for the period from July 1, 1970, through June 20, 1971, to make the limit for such period ..... [2] 395.0

Mar. 17, 1971: 85 Stat. 5—

1. Amending sec. 21, effective Mar. 17, 1972, increasing debt limitation to ..... [2] 400.0
2. Increasing the temporary debt limit by $30,000,000,000 for the period from Mar. 17, 1971, through June 30, 1972, to make the limit for such period ..... [2] 430.0

Mar. 15, 1972: 86 Stat. 63, increasing the temporary debt limit by an additional $20,000,000,000 for the period from Mar. 15, 1972, through June 30, 1972, to make the limit for such period ..... [2] 450.0

July 1, 1972: 86 Stat. 406, extending the temporary debt limit of $50,000,000,000 for the period from July 1, through Oct. 31, 1972, to make the limit for such period ..... [2] 450.0

Oct. 27, 1972: 86 Stat. 1324, increasing the temporary debt limit by $65,000,000,000 for the period from Nov. 1, 1972, through June 30, 1974, to make the limit for such period ..... [2] 465.0

July 1, 1973: 87 Stat. 134, extending the temporary debt limit of $465,000,000,000 for the period from June 30, 1973, through Nov. 30, 1973, to make the limit for such period ..... [2] 465.0

Dec. 3, 1973: 87 Stat. 691, increasing the temporary debt limit by $75,700,000,000 for the period from Dec. 7, 1973, through June 30, 1974, to make the limit for such period ..... [2] 475.7

June 30, 1974: 88 Stat. 285, increasing the temporary debt limit by $95,000,000,000 for the period from June 3, 1974, through Mar. 31, 1975, to make the limit for such period ..... [2] 495.0

Feb. 19, 1975: 89 Stat. 5, increasing the temporary debt limit by $131,000,000,000 for the period from Feb. 10, 1975, through June 3, 1976, to make the limit for such period ..... [2] 531.0

June 30, 1975: 89 Stat. 246, increasing the temporary debt limit by $177,000,000,000 for the period from June 30, 1975, through Nov. 16, 1975, to make the limit for such period ..... [2] 577.0

Nov. 14, 1975: 89 Stat. 693, increasing the temporary debt limit by $195,000,000,000 for the period from Nov. 14, 1975, through Mar. 15, 1975, to make the limit for such period ..... [2] 595.0

Mar. 15, 1976: 90 Stat. 217, increasing the temporary debt limit by $227,000,000,000 for the period from Mar. 15, 1976, through June 30, 1976, to make the limit for such period ..... [2] 627.0

June 30, 1976: 90 Stat. 793—

1. Increasing the temporary debt limit by $236,000,000,000 for the period from July 1, 1976, through Sept. 30, 1976, to make the limit for such period ..... [2] 636.0
2. Increasing the temporary debt limit by $282,000,000,000 for the period from Oct. 1, 1976, through Mar. 3, 1977, to make the limit for such period ..... [2] 682.0

3. Increasing the temporary debt limit by $300,000,000,000 for the period from Apr. 2, 1977, through Sept. 30, 1977, to make the limit for such period ..... [2] 700.0

Oct. 4, 1977: 91 Stat. 1090, increasing the temporary debt limit by $352,000,000,000 for the period from the date of enactment through Mar. 31, 1978, to make the limit for such period ..... [2] 752.0

Mar. 27, 1978: 92 Stat. 185, extending the temporary debt limit of $352,000,000,000 from the date of enactment through July 31, 1978, to make the limit for such period ..... [2] 752.0

Aug. 3, 1978: 92 Stat. 419, increasing the temporary debt limit by $398,000,000,000 from the date of enactment through Mar. 31, 1979, to make the limit for such period ..... [2] 798.0

Apr. 2, 1979: 93 Stat. 8, increasing the temporary debt limit by $430,000,000,000 from the date of enactment through September 30, 1979, to make the limit for such period ..... [2] 830.0

Sept. 29, 1979: 93 Stat. 589, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through May 31, 1980, to make the limit for such period ..... [2] 879.0

May 30, 1980: 94 Stat. 421, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through June 5, 1980, to make the limit for such period ..... [2] 879.0

June 6, 1980: 94 Stat. 439, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through June 30, 1980, to make the limit for such period ..... [2] 879.0

June 28, 1980: 94 Stat. 598, increasing the temporary debt limit by $525,000,000,000 from the date of enactment through February 28, 1981, to make the limit for such period ..... [2] 925.0

December 19, 1980: 94 Stat. 3261, increasing the temporary debt limit by $535,100,000,000 from the date of enactment through September 30, 1981, to make the limit for such period ..... [2] 935.1

February 7, 1981: 95 Stat. 4, increasing the temporary debt limit by $585,000,000,000 from the date of enactment through September 30, 1981, to make the limit for such period ..... [2] 985.0

September 30, 1981: 95 Stat. 955, increasing the temporary debt limit by $599,800,000,000 from the date of enactment through September 30, 1981, to make the limit for such period ..... [2] 999.8

September 30, 1981: 95 Stat. 956, increasing the temporary debt limit by $679,800,000,000 from the date of enactment through September 30, 1982, to make the limit for such period ..... [2] 1,079.8

June 28, 1982: 96 Stat. 130, increasing the temporary public debt limit by $743,100,000,000 from the date of enactment through September 30, 1982, to make the limit for such period ..... [2] 1,143.1

September 30, 1982: Stat. 270, increasing the temporary public debt limit by $890,200,000,000 during the period beginning on October 1, 1982, and ending on September 30, 1983, to make the limit for such period..... [2] 1,290.2

May 26, 1983: 97 Stat. 196, increasing the permanent public debt limit by $989,000,000,000 from the date of enactment to make the pubic debt limit for such period ..... [2] 1,389.0

November 21, 1983: 97 Stat. 1012 increasing the permanent public debt limit by $101,000,000,000 from the date of enactment to make the public debt limit..... [2] 1,490.0

May 25, 1984: 98 Stat. 217, increasing the permanent public debt limit by $30,000,000,000 from the date of enactment to make the public debt limit..... [2] 1,520.0

July 6, 1984: 98 Stat. 313, increasing the permanent public debt limit by $53,000,000,000 from the date of enactment to make the public debt limit..... [2] 1,573.0

October 13, 1984: 98 Stat. 2206, increasing the permanent public debt limit by $250,800,000,000 from the date of enactment to make the public debt limit..... [2] 1,823.8

[1] Limitation on issue.
[2] Limitation on outstanding.

TABLE II.—OUTSTANDING PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEARS 1916–84, AND ON SEPTEMBER 17, 1985

Fiscal year:	*Millions*	Fiscal year:	*Millions*
1916	$1,225	1951	$253,283
1917	2,976	1952	257,233
1918	12,455	1953	647,220
1919	25,485	1954	269,379
1920	24,299	1955	272,348
1921	23,977	1956	270,619
1922	22,963	1957	269,120
1923	22,350	1958	275,395
1924	21,251	1959	282,419
1925	20,516	1960	283,827
1926	19,643	1961	286,308
1927	18,512	1962	296,374
1928	17,604	1963	302,923
1929	16,931	1964	308,583
1930	16,185	1965	314,126
1931	16,801	1966	316,293
1932	19,487	1967	323,143
1933	22,539	1968	[1] 348,534
1934	27,053	1969	[1] 356,107
1935	28,701	1970	[1] 372,600
1936	33,779	1971	[1] 398,650
1937	36,425	1972	[1] 427,751
1938	36,882	1973	[1] 458,264
1939	40,371	1974	[1] 475,181
1940	43,219	1975	[1] 534,207
1941	49,494	1976	[1] 620,556
1942	74,154	Transition quarter	[1] 635,822
1943	140,469	1977	[1] 699,963
1944	208,077	1978	[1] 772,691
1945	268,671	1979	[1] 827,614
1946	268,932	1980	[1] 908,723
1947	255,767	1981	[1] 998,818
1948	240,381	1982	[1] 1,142,913
1949	250,965	1983	[1] 1,377,953
1950	255,382	1984	[1 2] 1,572,975

[1] Includes FNMA participation certificates issued in fiscal year 1968 in debt of fiscal years 1968–83.
[2] Debt at close of business, September 17, 1985.

Source: Annual Report of the Secretary of the Treasury for fiscal year 1923, table 34, p. 544, for 1916–17; Annual Report for fiscal year 1962, table 507, for 1983 and 1939; Annual Report for fiscal year 1976. Statistical Appendix, table 21, p. 67, for 1940–76; Treasury Bulletin, November 1982, table FD–8, p. 24 for 1977 through 1982, monthly Statement of the Public Debt, September 30, 1983, and Daily Treasury Statement, September 17,1985.

Tables III–A through III–F provide general background information about private and Federal, State and local government debt, total and per capita, and also the relationship of Federal debt to gross national product (GNP), population and prices. Each table presents annual data from 1929 through 1984.

Tables III–A and III–B show that private and public levels of debt (in total or per capita terms) have increased steadily since the end of World War II. Net federal debt as a percentage of total debt declined from 1946 through 1974. In the subsequent 10 years, the percentage ratio has both risen and fallen, reaching 19.1 percent in 1984.

Corporate and State and local debt have increased slowly relative to GNP since post-World War II lows, as shown in table III–C. Other private debt, which includes consumer debt and home mortgages, has increased steadily since 1944, and has exceeded GNP since 1979. Net federal debt has decreased relative to GNP since 1945, but since 1974, it has increased from 25.2 to 37.6 percent of GNP.

Tables III–D shows that gross federal debt per capita was $7,029 in 1984, and private individuals and institutions held $5,111 on a per capita basis. When reduced to compensate for inflation, i.e., year-to-year changes in the consumer price index, the 1984 per capita debt figures fall to $2,259 and $1,643; these figures are 32 percent of the unadjusted per capita debt figures.

The ratio of privately held federal debt to GNP is shown in table III–E. Comparing these data and those in table III–C, it can be seen that private holdings of federal debt account for the bulk of investments in federal debt.

Tables III–6 presents data on real gross national product per capita. Since 1933, real GNP per capita has increased from $1,763 to $6,909. The increase has not been marked by sustained annual increases because there have been brief declines associated with cyclical fluctuations and a 12-year decline associated with the end of World War II.

TABLE III–A.—ESTIMATED NET GOVERNMENT AND PRIVATE DEBT, BY MAJOR CATEGORIES

Year	Private [1]			State and local	Federal [2]	Total net debt	Percent Federal of total
	Corporate	Other	Total				
1929	88.9	72.9	161.8	13.6	16.5	191.9	8.6
1930	89.3	71.8	161.1	14.7	16.5	192.3	8.6
1931	83.5	64.9	148.4	16.0	18.5	182.9	10.1
1932	80.0	57.1	137.1	16.6	21.3	175.0	12.2
1933	76.9	51.0	127.9	16.3	24.3	168.5	14.4
1934	75.5	49.8	125.3	15.9	30.4	171.6	17.7
1935	74.8	49.7	124.5	16.1	34.4	175.0	19.7
1936	76.1	50.6	126.7	16.2	37.7	180.6	20.9
1937	75.8	51.1	126.9	16.1	39.2	182.2	21.5
1938	73.3	50.0	123.3	16.1	40.5	179.9	22.5
1939	73.5	50.8	124.3	16.4	42.6	183.3	23.2
1940	75.6	53.0	128.6	16.4	44.8	189.8	23.6
1941	83.4	55.6	139.0	16.1	56.3	211.4	26.6
1942	91.6	49.9	141.5	15.4	101.7	258.6	39.3
1943	95.5	48.8	144.3	14.5	154.4	313.2	49.3
1944	94.1	50.7	144.8	13.9	211.9	370.6	57.2
1945	85.3	54.7	140.0	13.4	252.5	405.9	62.2
1946	49.5	66.3	155.8	14.9	228.0	358.7	63.6
1947	56.7	80.4	137.1	16.3	220.8	374.2	59.0
1948	62.8	93.3	156.1	18.5	215.1	389.7	55.2
1949	64.6	104.1	168.7	21.0	217.7	407.4	53.4
1950	71.3	123.0	194.3	24.4	216.5	435.2	49.7
1951	79.6	135.7	215.3	26.6	216.1	458.0	47.2
1952	86.8	152.4	239.2	30.2	221.4	490.9	45.1
1953	91.0	168.6	259.6	34.5	228.4	522.6	43.7
1954	95.9	183.1	279.0	40.6	230.8	550.5	41.9
1955	104.2	212.4	316.7	45.9	230.0	592.6	38.8
1956	114.8	232.2	347.0	49.5	224.2	620.7	36.1
1957	124.7	250.5	375.2	53.7	222.0	650.8	34.1
1958	133.2	268.4	401.5	59.2	231.3	692.0	33.4
1959	143.5	302.3	445.9	65.5	238.3	749.7	31.8
1960	154.3	328.3	482.6	70.8	236.3	789.6	29.9
1961	165.1	355.1	520.1	75.9	243.5	839.4	29.0
1962	177.5	391.1	568.5	81.2	250.5	900.2	27.8
1963	190.2	437.7	627.9	86.9	254.4	969.3	26.3
1964	203.0	486.2	689.2	92.9	260.7	1,042.8	25.0
1965	221.6	540.1	761.6	100.3	262.4	1,124.4	23.3
1966	244.1	586.0	830.0	105.9	266.1	1,202.0	22.1
1967	269.5	626.6	896.0	113.7	279.1	1,288.8	21.7
1968	296.5	691.3	987.8	123.2	292.6	1,403.7	20.8
1969	325.5	766.4	1,091.8	133.1	289.0	1,514.0	19.1
1970	355.0	821.7	1,176.7	144.4	300.8	1,621.9	18.5
1971	380.1	910.0	1,290.1	161.8	325.7	1,777.6	18.3
1972	412.5	1,047.4	1,459.9	176.5	340.8	1,977.2	17.2
1973	461.3	1,208.2	1,669.4	191.2	349.1	2,209.7	15.8
1974	527.4	1,335.4	1,862.8	207.7	360.8	2,431.4	14.8
1975	548.5	1,429.8	1,978.3	223.8	446.3	2,648.4	16.9
1976	591.5	1,598.7	2,190.1	239.5	515.8	2,945.4	17.5
1977	662.6	1,830.3	2,492.9	262.9	572.5	3,328.4	17.2
1978	741.1	2,147.1	2,888.2	291.3	626.2	3,805.7	16.5
1979	836.5	2,476.5	3,313.0	321.6	663.6	4,298.1	15.4

TABLE III-A.—ESTIMATED NET GOVERNMENT AND PRIVATE DEBT, BY MAJOR CATEGORIES—CONTINUED

Year	Private [1]			State and local	Federal [2]	Total net debt	Percent Federal of total
	Corporate	Other	Total				
1980	912.0	2,738.1	3,650.1	351.9	742.8	4,744.7	15.7
1981	1,010.8	3,021.7	4,032.4	374.6	830.1	5,237.2	15.9
1982	1,085.4	3,200.1	4,285.5	428.4	991.4	5,705.3	17.4
1983	1,144.9	3,557.8	4,702.7	484.6	1,177.9	6,365.3	18.5
1984	1,307.3	3,999.6	5,306.9	539.2	1,376.8	7,222.9	19.1

Footnotes follow table III-F.

TABLE III-B.—ESTIMATED PER CAPITA NET GOVERNMENT AND PRIVATE DEBT [3]

Year	Private [1]			State and local	Federal	Total net debt
	Corporate	Other	Total			
1929	726	595	1,321	111	135	1,367
1930	722	581	1,303	119	133	1,556
1931	671	521	1,192	129	129	1,469
1932	639	456	1,095	133	170	1,397
1933	610	405	1,015	129	193	1,337
1934	595	393	988	125	240	1,353
1935	586	389	975	126	269	1,370
1936	592	394	986	126	293	1,406
1937	586	395	981	124	303	1,409
1938	562	383	945	123	311	1,379
1939	557	384	941	124	323	1,388
1940	567	398	965	123	336	1,424
1941	619	413	1,032	120	418	1,570
1942	672	366	1,038	113	746	1,896
1943	691	353	1,044	105	1,117	2,267
1944	673	363	1,036	99	1,516	2,652
1945	604	387	991	95	1,788	2,874
1946	345	462	807	104	1,590	2,501
1947	388	551	939	112	1,512	2,562
1948	423	628	1,051	124	1,448	2,623
1949	428	688	1,116	139	1,440	2,696
1950	464	801	1,265	159	1,409	2,833
1951	509	869	1,378	170	1,382	2,930
1952	546	959	1,505	190	1,393	3,088
1953	563	1,043	1,606	213	1,413	3,232
1954	583	1,112	1,695	247	1,403	3,344
1955	622	1,268	1,890	274	1,373	3,537
1956	673	1,361	2,034	290	1,314	3,639
1957	718	1,444	2,162	309	1,279	3,751
1958	755	1,521	2,276	336	1,311	3,922
1959	800	1,686	2,486	365	1,329	4,179
1960	846	1,801	2,647	388	1,296	4,332
1961	891	1,917	2,808	409	1,314	4,532
1962	944	2,080	3,024	432	1,332	4,788
1963	998	2,295	3,293	456	1,334	5,084
1964	1,051	2,516	3,567	481	1,349	5,397
1965	1,133	2,762	3,895	513	1,342	5,750
1966	1,234	2,964	4,198	536	1,346	6,079
1967	1,349	3,135	4,484	569	1,397	6,450
1968	1,470	3,426	4,896	611	1,450	6,957
1969	1,597	3,759	5,356	653	1,418	7,427
1970	1,719	3,980	5,699	699	1,457	7,855
1971	1,820	4,355	6,175	774	1,559	8,509
1972	1,955	4,965	6,920	837	1,615	9,371
1973	2,166	5,674	7,840	898	1,639	10,378
1974	2,454	6,213	8,667	966	1,679	11,312
1975	2,526	6,587	9,113	1,031	2,056	12,199
1976	2,699	7,293	9,992	1,093	2,353	13,438
1977	2,992	8,264	11,256	1,187	2,585	15,028
1978	3,310	9,591	12,901	1,301	2,797	16,999
1979	3,694	10,936	14,630	1,420	2,930	18,981

TABLE III-B.—ESTIMATED PER CAPITA NET GOVERNMENT AND PRIVATE DEBT [3]—Continued

Year	Private [1]			State and local	Federal	Total net debt
	Corporate	Other	Total			
1980	3,985	11,963	15,948	1,537	3,245	20,730
1981	4,374	13,078	17,452	1,621	3,593	22,666
1982	4,653	13,719	18,372	1,836	4,250	24,458
1983	4,864	15,115	19,979	2,059	5,804	27,043
1984	5,511	16,860	22,371	2,273	5,804	30,447

Footnotes follow table III-F.

TABLE III–C.—NET GOVERNMENT AND PRIVATE DEBT RELATED TO GROSS NATIONAL PRODUCT

[In billions of dollars; debt as a percent of gross national product]

Year	Gross national product	Private[1]			State and local	Federal[2]	Total net debt
		Corporate	Other	Total			
1929	103.4	86.0	70.5	156.4	13.2	16.0	185.6
1930	90.7	98.5	79.2	177.6	16.2	18.2	212.0
1931	76.1	109.8	85.3	195.1	21.0	24.3	240.4
1932	58.3	137.3	98.0	235.2	28.5	36.5	300.3
1933	55.8	137.8	91.4	229.1	29.2	43.5	301.9
1934	65.3	115.3	76.3	191.9	24.4	46.6	262.8
1935	72.5	103.2	68.6	171.7	22.2	47.5	241.4
1936	82.7	92.0	61.2	153.1	19.6	45.6	218.3
1937	90.9	83.4	56.2	139.6	17.7	43.1	200.5
1938	85.0	86.2	58.8	145.0	18.9	47.6	211.6
1939	90.9	80.8	55.9	136.7	18.0	46.9	201.6
1940	100.0	75.6	53.0	128.6	16.4	44.8	189.8
1941	125.0	66.7	44.5	111.2	12.9	45.0	169.1
1942	158.5	57.8	31.5	89.3	9.7	64.2	163.2
1943	192.1	49.7	25.4	75.1	7.5	80.4	163.0
1944	210.6	44.7	24.1	68.7	6.6	100.6	175.9
1945	212.4	40.2	25.7	65.9	6.3	118.9	191.1
1946	209.8	23.6	31.6	55.2	7.1	108.7	170.9
1947	233.1	24.3	34.5	58.8	7.0	94.7	160.6
1948	259.5	24.2	35.9	60.2	7.1	82.9	150.2
1949	258.3	25.0	40.3	65.3	8.1	84.3	157.7
1950	286.5	24.9	42.9	67.8	8.5	75.6	151.9
1951	330.8	24.1	41.0	65.1	8.0	65.3	138.5
1952	348.0	24.9	43.8	68.7	8.7	63.6	141.1
1953	366.8	24.8	46.0	70.8	9.4	62.3	142.5
1954	366.8	26.1	49.9	76.1	11.1	62.9	150.1
1955	400.0	26.1	53.1	79.2	11.5	57.5	148.1
1956	421.7	27.2	55.1	82.3	11.7	53.2	147.2
1957	444.0	28.1	56.4	84.5	12.1	50.0	146.6
1958	449.7	29.6	59.7	89.3	13.2	51.4	153.9
1959	487.9	29.4	62.0	91.4	13.4	48.8	153.7
1960	506.5	30.5	64.8	95.3	14.0	46.6	155.9
1961	524.6	31.5	67.7	99.2	14.5	46.4	160.0
1962	565.0	31.4	69.2	100.6	14.4	44.3	159.3
1963	596.7	31.9	73.3	105.2	14.6	42.6	162.4
1964	637.7	31.8	76.2	108.1	14.6	40.9	163.5
1965	691.1	32.1	78.2	110.2	14.5	38.0	162.7
1966	756.0	32.3	77.5	109.8	14.0	35.2	159.0
1967	799.6	33.7	78.4	112.1	14.2	34.9	161.2
1968	873.4	34.0	79.2	113.1	14.1	33.5	160.7
1969	944.0	34.5	81.2	115.7	14.1	30.6	160.4
1970	992.7	35.8	82.8	118.5	14.5	30.3	163.4
1971	1,077.6	35.3	84.4	119.7	15.0	30.2	165.0
1972	1,185.9	34.8	88.3	123.1	14.9	28.7	166.7
1973	1,326.4	34.8	91.1	125.9	14.4	26.3	166.6
1974	1,434.2	36.8	93.1	129.9	14.5	25.2	169.5
1975	1,549.2	35.4	92.3	127.7	14.4	28.8	170.9
1976	1,718.0	34.4	93.1	127.5	13.9	30.0	171.4
1977	1,918.3	34.5	95.4	130.0	13.7	29.8	173.5

TABLE III-C.—NET GOVERNMENT AND PRIVATE DEBT RELATED TO GROSS NATIONAL PRODUCT—CONTINUED

[In billions of dollars; debt as a percent of gross national product]

Year	Gross national product	Private[1]			State and local	Federal[2]	Total net debt
		Corporate	Other	Total			
1978	2,163.9	34.2	99.2	133.5	13.5	28.9	175.9
1979	2,417.8	34.6	102.4	137.0	13.3	27.4	177.8
1980	2,631.7	34.7	104.0	138.7	13.4	28.2	180.3
1981	2,957.8	34.2	102.2	136.3	12.7	28.1	177.1
1982	3,069.3	35.4	104.3	139.6	14.0	32.3	185.9
1983	3,304.8	34.6	107.7	142.3	14.7	35.6	192.6
1984	3,661.3	35.7	109.2	144.9	14.7	37.6	197.3

Footnotes follow table III-F.

TABLE III-D.—ESTIMATED FEDERAL DEBT RELATED TO POPULATION AND PRICES

Year	Outstanding Federal Debt			Per capita Federal debt [3]			Real per capita Federal debt [4]		
	Gross [5]	Net [2]	Privately held [6]	Gross [5]	Net [2]	Privately held [6]	Gross [5]	Net [2]	Privately held [6]
1929	18.7	16.5	16.0	153	135	131	298	263	255
1930	18.6	16.5	15.8	150	133	128	301	267	256
1931	20.4	18.5	17.7	164	149	142	359	326	312
1932	23.2	21.3	19.4	185	170	155	453	416	379
1933	26.8	24.3	21.9	213	193	174	548	497	448
1934	38.1	30.4	28.0	300	240	221	749	598	550
1935	41.8	34.4	32.0	327	269	251	796	655	610
1936	46.2	37.7	35.3	360	293	275	866	707	662
1937	48.9	39.2	36.6	378	303	283	879	705	658
1938	51.8	40.5	37.9	397	311	291	941	736	689
1939	55.7	42.6	40.1	422	323	304	1,014	775	730
1940	59.4	44.8	42.6	446	336	320	1,061	800	761
1941	73.3	56.3	54.0	544	418	401	1,234	948	909
1942	119.2	101.7	95.5	874	746	700	1,791	1,528	1,435
1943	176.1	154.4	142.9	1,275	1,117	1,034	2,460	2,157	1,997
1944	236.6	211.9	193.1	1,693	1,516	1,382	3,212	2,877	2,622
1945	281.1	252.5	228.2	1,990	1,788	1,616	3,693	3,317	2,998
1946	261.9	228.0	206.1	1,826	1,590	1,437	3,122	2,718	2,457
1947	256.8	220.8	199.1	1,758	1,512	1,363	2,628	2,260	2,038
1948	253.6	215.1	192.0	1,707	1,448	1,292	2,367	2,008	1,792
1949	257.7	217.7	197.7	1,705	1,440	1,308	2,388	2,017	1,832
1950	257.6	216.5	196.6	1,677	1,409	1,280	2,326	1,955	1,775
1951	259.7	216.1	193.1	1,661	1,382	1,235	2,136	1,777	1,588
1952	267.8	221.4	196.8	1,685	1,393	1,238	2,119	1,752	1,557
1953	275.6	228.4	200.0	1,704	1,413	1,237	2,128	1,764	1,544
1954	278.8	230.8	204.2	1,694	1,403	1,241	2,104	1,742	1,541
1955	282.1	230.0	204.8	1,684	1,373	1,223	2,100	1,712	1,524
1956	278.9	224.2	199.4	1,635	1,314	1,169	2,009	1,615	1,436
1957	280.6	222.0	198.8	1,617	1,279	1,146	1,918	1,517	1,359
1958	286.8	231.3	204.7	1,625	1,311	1,160	1,877	1,513	1,340
1959	300.1	238.3	214.8	1,673	1,329	1,197	1,916	1,522	1,372
1960	300.5	236.3	212.4	1,648	1,296	1,165	1,859	1,461	1,314
1961	307.4	243.5	217.8	1,659	1,314	1,176	1,852	1,467	1,312
1962	315.8	250.5	222.8	1,680	1,332	1,185	1,854	1,470	1,308
1963	322.2	254.4	223.9	1,690	1,334	1,174	1,843	1,455	1,281
1964	332.5	260.7	227.0	1,721	1,349	1,175	1,852	1,452	1,265
1965	336.7	262.4	225.6	1,722	1,342	1,154	1,822	1,420	1,221
1966	353.6	266.1	227.5	1,788	1,346	1,151	1,840	1,384	1,184
1967	382.0	279.1	237.3	1,912	1,397	1,188	1,912	1,397	1,188
1968	386.4	292.6	240.7	1,915	1,450	1,193	1,838	1,392	1,145
1969	382.0	289.0	233.0	1,874	1,418	1,143	1,707	1,291	1,041
1970	401.6	300.8	239.8	1,945	1,457	1,162	1,673	1,253	999
1971	435.2	325.7	256.5	2,083	1,559	1,228	1,717	1,285	1,012
1972	461.1	340.8	271.9	2,185	1,615	1,289	1,744	1,289	1,029
1973	480.7	349.1	271.2	2,257	1,639	1,274	1,696	1,232	957
1974	504.0	360.8	280.1	2,345	1,679	1,303	1,588	1,137	882
1975	587.6	446.3	358.1	2,707	2,056	1,650	1,679	1,275	1,023
1976	664.8	515.8	418.5	3,033	2,353	1,910	1,779	1,380	1,120
1977	729.2	572.5	469.5	3,292	2,585	2,120	1,814	1,424	1,168

TABLE III-D.—ESTIMATED FEDERAL DEBT RELATED TO POPULATION AND PRICES—CONTINUED

Year	Outstanding Federal Debt			Per capita Federal debt [3]			Real per capita Federal debt [4]		
	Gross [5]	Net [2]	Privately held [6]	Gross [5]	Net [2]	Privately held [6]	Gross [5]	Net [2]	Privately held [6]
1978	797.7	626.2	515.4	3,563	2,797	2,302	1,823	1,431	1,178
1979	852.2	663.6	546.0	3,763	2,930	2,411	1,731	1,348	1,109
1980	936.7	742.8	621.3	4,093	3,245	2,714	1,658	1,315	1,100
1981	1,034.7	830.1	698.9	4,478	3,593	3,025	1,644	1,319	1,110
1982	1,201.9	991.4	851.9	5,152	4,250	3,652	1,782	1,470	1,263
1983	1,415.3	1,177.9	1,026.0	6,013	5,004	4,359	2,015	1,677	1,461
1984	1,667.4	1,376.8	1,212.5	7,029	5,804	5,111	2,259	1,865	1,643

Footnotes follow table III-F.

TABLE III-E.—PRIVATELY HELD FEDERAL DEBT RELATED TO GNP

[Dollar amounts in billions]

Year	Gross national product	Privately held debt [6]	Ratio of debt to GNP	Year to year price changes [7]
1929	103.4	16.0	15.5	.0
1930	90.7	15.8	17.4	−2.5
1931	76.1	17.7	23.3	−8.8
1932	58.3	19.4	33.3	−10.3
1933	55.8	21.9	39.2	−5.1
1934	65.3	28.0	42.9	3.4
1935	72.5	32.0	44.1	2.5
1936	82.7	35.3	42.7	1.0
1937	90.9	36.6	40.3	3.6
1938	85.0	37.9	44.6	−1.9
1939	90.9	40.1	44.1	−1.4
1940	100.0	42.6	42.6	1.0
1941	125.0	54.0	43.2	5.0
1942	158.5	95.5	60.3	10.7
1943	192.1	142.9	74.4	6.1
1944	210.6	193.1	91.7	1.7
1945	212.4	228.2	107.4	2.3
1946	209.8	206.1	98.2	8.5
1947	233.1	199.1	85.4	14.4
1948	259.5	192.0	74.0	7.8
1949	258.3	197.7	76.5	−1.0
1950	286.5	196.6	68.6	1.0
1951	330.8	193.1	58.4	7.9
1952	348.0	196.8	56.6	2.2
1953	366.8	200.0	54.5	.8
1954	366.8	204.2	55.7	.5
1955	400.0	204.8	51.2	−.4
1956	421.7	199.4	47.3	1.5
1957	444.0	198.8	44.8	3.6
1958	449.7	204.7	45.5	2.7
1959	487.9	214.8	44.0	.8
1960	506.5	212.4	41.9	1.6
1961	524.6	217.8	41.5	1.0
1962	565.0	222.8	39.4	1.1
1963	596.7	223.9	37.5	1.2
1964	637.7	227.0	35.6	1.3
1965	691.1	225.6	32.6	1.7
1966	756.0	227.5	30.1	2.9
1967	799.6	237.3	29.7	2.9
1968	873.4	240.7	27.6	4.2
1969	944.0	233.0	24.7	5.4
1970	992.7	239.8	24.2	5.9
1971	1,077.6	256.5	23.8	4.3
1972	1,185.9	271.9	22.9	3.3
1973	1,326.4	271.2	20.4	6.2
1974	1,434.2	280.1	19.5	11.0
1975	1,549.2	358.1	23.1	9.1
1976	1,718.0	418.5	24.4	5.8
1977	1,918.3	469.5	24.5	6.5
1978	2,163.9	515.4	23.8	7.7
1979	2,417.8	546.0	22.6	11.3
1980	2,631.7	621.3	23.6	13.5

TABLE III–E.—PRIVATELY HELD FEDERAL DEBT RELATED TO GNP—CONTINUED

[Dollar amounts in billions]

Year	Gross national product	Privately held debt [6]	Ratio of debt to GNP	Year to year price changes [7]
1981	2,957.8	698.9	23.6	10.4
1982	3,069.3	851.9	27.8	6.1
1983	3,304.8	1,026.0	31.0	3.2
1984	3,601.3	1,212.5	33.1	4.3

Footnotes follow table III–F.

TABLE III-F.—CHANGES IN PER CAPITA REAL GROSS NATIONAL PRODUCT

Year	GNP in billions of 1972 dollars	GNP per capita constant 1972 dollars [3]	GNP per capita, change from previous year	
			Constant 1972 dollars	Percent
1929	$315.7	$2,577	0	0
1930	285.6	2,310	−$267	−10
1931	263.5	2,117	−194	−8
1932	227.1	1,813	−304	−14
1933	222.1	1,763	−51	−3
1934	239.1	1,885	122	7
1935	260.0	2,036	151	8
1936	295.5	2,300	264	13
1937	310.2	2,398	98	4
1938	296.7	2,275	−123	−5
1939	319.8	2,422	147	6
1940	344.1	2,582	160	7
1941	400.4	2,973	392	15
1942	461.7	3,386	412	14
1943	531.6	3,847	462	14
1944	569.1	4,072	224	6
1945	560.4	3,968	−104	−3
1946	478.3	3,336	−632	−16
1947	470.3	3,220	−115	−3
1948	489.8	3,297	76	2
1949	492.2	3,257	−40	−1
1950	534.8	3,481	225	7
1951	579.4	3,707	225	6
1952	600.8	3,779	72	2
1953	623.6	3,857	78	2
1954	616.1	3,743	−113	−3
1955	657.5	3,925	182	5
1956	671.6	3,937	12	0
1957	683.8	3,940	3	0
1958	680.9	3,859	−82	−2
1959	721.7	4,023	164	4
1960	737.2	4,044	21	1
1961	756.6	4,084	40	1
1962	800.3	4,257	172	4
1963	832.5	4,366	110	3
1964	876.4	4,536	169	4
1965	929.3	4,753	217	5
1966	984.8	4,980	228	5
1967	1,011.4	5,062	81	2
1968	1,058.1	5,244	182	4
1969	1,087.6	5,335	91	2
1970	1,085.6	5,258	−77	−1
1971	1,122.4	5,372	114	2
1972	1,185.9	5,621	248	5
1973	1,254.3	5,891	270	5
1974	1,246.3	5,799	−92	−2
1975	1,231.6	5,673	−126	−2
1976	1,298.2	5,923	250	4
1977	1,369.7	6,184	261	4
1978	1,438.6	6,426	241	4

TABLE III-F.—CHANGES IN PER CAPITA REAL GROSS NATIONAL PRODUCT—CONTINUED

Year	GNP in billions of 1972 dollars	GNP per capita constant 1972 dollars [3]	GNP per capita, change from previous year	
			Constant 1972 dollars	Percent
1979	1,479.4	6,533	107	2
1980	1,475.0	6,444	−89	−1
1981	1,512.2	6,545	100	2
1982	1,480.0	6,345	−200	−3
1983	1,534.8	6,521	176	3
1984	1,639.0	6,909	388	6

FOOTNOTES TO TABLES III-A—F

(1) Date for years 1929–1945 from the Bureau of Economic Analysis, Commerce Department. Date for years 1946 to the present from the Federal Reserve Board Flow of Funds.

(2) Net Federal debt equals gross Federal debt less Federal debt held in U.S. Government accounts.

(3) Per capita debt is calculated by dividing the debt figures by the population of the conterminous U.S. as of December 31 of each year. Beginning 1949, population includes armed forces overseas, Hawaii and Alaska.

(4) Derived by adjusting per capita debt figures for changes in the level of prices, as measured by the Consumer Price Index for all items.

(5) Gross Federal debt is equal to public debt issued by the Treasury plus debt issued by other Federal agencies.

(6) Federal debt held by the public less Federal Reserve holdings of Federal debt.

(7) Measured by the Consumer Price Index for all items, year to year basis.

Sources: Federal debt, Treasury Department; other data, Bureau of Economic Analysis, Commerce Department, and Federal Reserve Board (Flow of Funds).

Note: Detail may not add to totals because of rounding.

IV. COSTS OF CARRYING OUT THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

Budget Effects

In compliance with paragraph 11(a) of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the budget effects of H.J. Res. 372, as reported.

The committee does not believe that the change made by H.J. Res. 372 in the debt limitation will result in any additional costs in the current fiscal year or in any of the five fiscal years to follow.

Vote of the Committee

In compliance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the vote by the committee on the motion to report the bill. H.J. Res. 372 was ordered favorably reported by voice vote.

V. REGULATORY IMPACT OF THE BILL AND OTHER MATTERS TO BE DISCUSSED UNDER SENATE RULES

A. Regulatory Impact

Pursuant to paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the committee makes the following statement concerning the regulatory impact that might be incurred in carrying out the provisions of H.J. Res. 372, as reported.

Numbers of individuals and businesses who would be regulated

The bill does not involve new or expanded regulation of individuals or businesses.

Economic impact of regulation on individuals, consumers, and business

The bill has no regulatory economic impact on individuals, consumers or businesses.

Impact on personal privacy

The bill does not relate to the personal privacy of individuals.

Determinations of the amount of paperwork

The bill will involve no additional paperwork for taxpayers.

B. Other Matters

Consultation with congressional budget office on budget estimates

In accordance with section 403 of the Budget Act, the committee advises that the Director of the Congressional Budget Office has not submitted a written statement with respect to the bill.

New budget authority

In compliance with section 308(a)(1) of the Budget Act, and after consultation with the Director of the Congressional Budget Office, the committee states that the changes made to existing law by the bill involve no new budget authority.

Tax expenditures

In compliance with section 308(a)(2) of the Budget Act with respect to tax expenditures, and after consultation with the Director of the Congressional Budget Office, the committee states that the provisions of the bill involve no new or changed tax expenditures.

VI. CHANGES IN EXISTING LAW

In the opinion of the committee, it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of paragraph 12 of Rule XXVI of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the provisions of H.J. Res. 372, as reported by the committee).

ADDITIONAL VIEWS OF MR. ARMSTRONG

Each year the annual ritual of raising the debt limit becomes more Orwellian than the last. Some say it's "irresponsible" to oppose raising the debt limit because a "fiscal crisis" must be avoided.

But surely a $2 trillion national debt is the very essence of irresponsibility—not opposing its extension. And just as sure, a fiscal crisis is when Congress consistently fails to come to grips with the reality of spending, deficits, and debt; it is when Congress takes nearly 40 percent of an individual's income tax payment to cover interest on the debt and nothing more.

This legislation would raise the statutory debt ceiling by $255 billion for the remainder of FY85 and all of FY86. The debt ceiling would be raised from $1,823,800,000,000 to $2,078,700,000,000. That's two-trillion, seventy-eight billion, seven hundred million dollars—in debt.

HISTORICAL DATA

From a historical perspective, that number ought to astound everyone. The federal debt subject to limit stood at $43 billion in 1940. In one decade, it grew six-fold to $255 billion in 1950 (as much as this bill proposes to raise it in one year). By 1970, the federal debt subject to limit was $373 billion.

These were the good old days.

By 1981, the federal debt subject to limit had grown three-fold to $999 billion. In just three years, an astounding $574 billion has been added to the national debt subject to limit which at the end of fiscal year 1984 stood at $1,573 billion. In 1984, the national debt was about 44 percent of GNP.

In 1985, OMB estimates that $268 billion will be added to the national debt subject to limit. That means, roughly, that $22 billion a month, $5.6 billion a week, $800 million a day, $33 million an hour, and $550,000 a minute, and $9,166 a second will have been added to the national debt in 1985. Earlier this year, OMB estimated that the national debt subject to limit would exceed $3 trillion by 1990.

INTEREST ON THE DEBT

As most know, massive increases in federal debt have created one of the largest and fastest growing components of federal spending: interest payments on the debt. In 1965, interest on the debt cost $9 billion and consumed 1.4 percent of GNP. By 1980, annual interest costs rose to $52 billion—2 percent of GNP. But the worst was yet to come.

In 1984, interest costs exceeded the $100 billion barrier, reaching $111 billion for that year. Under the First Budget Resolution recently passed by Congress, interest on the debt would be $130 bil-

lion in 1985 rising to $155 billion in 1988—assuming that resolution is fully implemented. $130 billion in interest costs in 1985 represents 3.3 percent of our GNP, 13.7 percent of the 1985 budget, and a 1,340 percent increase in annual costs over 1965 levels.

In case you were wondering, $130 billion is equal to the sum total of all federal spending from 1789—the founding of the Republic—to 1936. It also equals total federal outlays in 1966, the entire defense budget in 1980, and twice the level of Medicare funding today.

But if you remember statistics, let it be this: even assuming the latest budget resolution is implemented, from 1981 to 1988 the Federal Government will have spent $932 billion on interest payments alone in just 8 years. *This exceeds the amount of the entire national debt accumulated from 1787 to 1980.* By 1990, the Federal Government will have spent $1,260 trillion on interest payments in one decade.

INTEREST ON THE DEBT COMPARED TO INDIVIDUAL INCOME TAX REVENUE

During the Finance Committee's hearing on this measure, the question arose as to how much a share of personal income tax revenue was consumer by interest costs. Some 38 percent of all revenues collected by the federal government from the personal income tax in 1985 (which will total about $338 billion) will go to pay interest on the debt. Based on CBO August budget estimates, which accounts for the new budget resolution, this figure will hold steady for much of the decade.

[Dollar amounts in billions]

	1984	1985	1986	1987	1988	1989	1990
Interests costs	$111.1	$129.2	$137.4	$149.5	$160.7	$168.6	$177.6
Income tax revenue	$296.2	$338.0	$361.0	$393.0	$432.0	$472.0	$517.0
Percent	37.5	38.2	38.1	38.0	37.2	35.7	34.4

I have reviewed all of this data to help put in perspective the step Congress is about to take. Congress has raised the statutory debt ceiling 44 times in the last 58 years and 32 times in the last 24 years. Since 1981 alone, the debt ceiling has been raised 10 times. I suspect that each time this measure has come before it, Congress has used the occasion to forswear the fiscal mess that forces it to raise the debt limit, and vows—once and for all—that it will really do something about the problem. And, each year, Congress does precious little about it.

It's not hard to see why the American taxpayers believe Congress is numb to the economic and moral bankruptcy of the fiscal policies it adopts.

As we again approach floor consideration of this measure, I would like to stress three points from my perspective. First, the root of the current debt crisis is uncontrolled government spending, and not a lack of revenues. Over the past 25 years, total federal spending has grown from $92 billion to $950 billion. For the past

five years, federal spending as a percent of GNP has hovered near or above 24% while federal revenues today stand near their historical level of 19% of GNP.

Second, I do not consider this a "routine" measure merely ratifying past policy decisions and needed to keep the government running. Borrowing $255 billion more money *is* a policy decision—and a bad one at that. The occasion should be used not just to ratify past policy decisions, but to condemn them and immediately change them.

Third, as the federal government reaches this tragic $2 trillion milestone, I believe the Senate should refuse to enact this measure until it extracts a price for it. That price could be deeper reduction in spending in both FY86 appropriation and reconciliation bills beyond the levels assumed in the budget resolution conference report. Seldom if ever has the debt limit been used as a vehicle to reduce spending. In fact, debt limit legislation has in the past been used to appropriate more spending.

In addition, the Senate should attach to the debt limit reforms in the budget process itself that will discipline Congress to live within its means. My own preference is a proposal to enhance the President's authority to defer, rescind, or otherwise reduce spending of appropriated funds should Congress fail to live within the debt ceiling targets set forth in the budget resolution. I have joined with the ranking minority member of the Committee, Senator Long, in advancing such a proposal.

Our proposal would establish an effective means of disciplining Congress to actually implement its annual budget resolution. It would also enhance the power of the President to assert more executive control over the largest budget in the world. More often than not, current executive powers over spending—rescissions and deferrals—have proven to be ineffective. Since 1975, Congress has rejected $17 billion worth of savings that three Presidents proposed through rescissions. Congress has rejected all but one-third of $14 billion worth of rescissions proposed by President Reagan since 1981. I believe this is one area where reform of the budget process could yield immediate savings.

There are other proposals under review that have great merit. Senator Mattingly's line-item veto proposal also seeks to enhance the President's control over appropriated funds. Senators Gramm and Rudman have advanced a deficit reduction proposal that could eliminate deficits by 1990 through a tougher budget enforcement process. Finally, the Senate should move to consider the Balanced Budget Constitutional Amendment this fall and send it to the states with tough and effective enforcement mechanisms.

Until Congress takes action of this kind, I believe the debt ceiling extension ought to be delayed and the Treasury prevented from borrowing beyond the $1,823,800,000 it has already borrowed. To be sure, bringing the government to a halt would be portrayed as a crisis. But after a year in which the window of opportunity for meaningful budget restraint has slammed shut, Congress needs to labor in a crisis atmosphere to focus on the stark reality before it. Refusal to routinely extend the debt ceiling would serve to highlight for all Americans the irresponsible fiscal policies of the last 50 years. If this were done, I believe the American people would

support the difficult measures necessary to sharply reduce federal spending and deficits.

Congress does not have to wait until the next budget cycle to take action. It has the power to act today. In addition to needed procedural reforms, coming appropriations and reconciliation bills provide a golden opportunity to reduce federal spending beyond what the budget resolution requires. Until this is done, I see no reason why the American taxpayers should bear the burden of $255 billion more federal debt.

WILLIAM L. ARMSTRONG.

APPENDIX TO SENATOR ARMSTRONG'S VIEWS

I. The following table reviews the growth in the federal debt:

Year	Gross federal debt	Public debt	Debt subject to limit
1940	$50.6	$42.7	$43.2
1950	256.8	219.0	255.3
1960	290.8	237.2	283.8
1970	382.6	284.8	372.6
1975	544.1	396.9	534.2
1980	914.3	715.1	908.7
1981	1,003.9	794.4	998.8
1982	1,146.9	929.4	1,142.9
1983	1,381.9	1,141.7	1,337.9
1984	1,576.7	1,312.6	1,572.9
1985	1,844.3	1,515.2	1,840.6
1986	2,076.9	1,694.7	2,073.4

DEFINITIONS

Gross Federal Debt.—is composed of debt owned by the public and debt held by Federal Government accounts. Government accounts that hold debt are predominatly social insurance trust funds: Social Security, Medicare, Civil Service Retirement, Military Retirement, and Unemployment. Income into these accounts not needed for current benefits is used to purchase Treasury Securities, or, in effect, loaned to the general fund.

Public Debt.—Federal debt held by the public is all debt excluding that held by government accounts. The "public" includes any person or institution other than the Federal Government, for example, individuals, private banks, insurance companies, the Federal Reserve Banks, and foreign central banks.

Debt Subject to Limit.—This is the amount of federal debt the Treasury is authorized to borrow up to. Since the beginning of the Republic, Congress has authorized a specific amount of debt for each separate issue. Beginning with the Second Liberty Bond Act of 1917 and subsequent amendments the current statutory debt ceiling was established. This amount includes nearly all Gross Federal Debt. A small amount not included consists of certain certificates no longer issued and a small portion of agency debt.

II. Historical and projected Federal spending:

CONFERENCE SUBSTITUTE, 1ST BUDGET RESOLUTION, FISCAL YEAR 1986

[In billions of dollars]

	1960	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988
Federal spending:											
National defense	45.2	78.6	134.0	157.5	185.3	209.9	227.4	249.40	267.10	285.20	303.90
International affairs	3.0	4.3	12.7	13.1	12.3	11.8	13.9	17.20	18.85	17.30	16.45
Space and technology	.6	4.5	5.8	6.5	7.2	7.9	8.3	8.70	8.90	8.95	9.00
Energy	.5	1.0	10.2	15.2	13.5	9.4	7.1	5.50	5.55	5.15	4.45
Natural resources	1.6	3.1	13.9	13.6	12.0	12.7	12.6	13.00	13.00	12.75	12.95
Agriculture	2.6	5.2	8.8	11.3	15.9	22.9	13.6	23.30	15.55	16.25	13.75
Commerce and housing cr	1.6	2.1	9.4	8.2	6.3	6.7	6.9	5.50	3.70	3.45	5.20
Transportation	4.1	7.0	21.3	23.4	20.6	21.3	22.7	26.00	25.80	27.70	28.10
Community development	.2	2.4	11.3	10.6	8.3	7.6	7.7	8.40	8.05	7.30	6.85
Social services and education	1.0	8.6	31.8	33.7	27.0	26.6	27.6	30.40	30.85	31.35	32.10
Health	.8	13.1	23.2	26.9	27.4	28.6	30.4	33.50	34.90	37.80	40.70
Medicare		6.0	32.0	42.0	46.6	52.6	57.5	65.90	69.20	76.40	84.90
Income security	18.8	48.1	86.5	99.7	107.7	122.6	112.7	128.90	119.05	123.80	129.80
Social Security	11.4	30.0	119.0	139.6	156.0	170.7	178.2	189.00	200.80	214.00	228.10
Veterans	5.4	8.7	21.2	23.0	24.0	24.8	25.6	26.40	26.80	27.25	27.65
Justice	.4	1.0	4.6	4.8	4.7	5.1	5.7	6.30	6.80	7.00	7.15
General Government	1.0	1.9	4.4	4.6	4.5	4.8	5.1	5.70	5.45	5.20	5.45
General purpose funds	.2	.5	8.6	6.9	6.4	6.5	6.8	6.40	6.50	3.20	2.10
Interest	8.3	18.3	52.5	68.7	85.0	89.8	111.1	129.20	142.30	152.50	155.00
Allowances									−1.65	−1.70	−.50
Offsetting receipts	−2.5	−6.6	−19.9	−28.0	−26.1	−34.0	−32.0	−32.40	−39.90	−37.10	−40.90
Total	92.2	196.6	590.9	678.2	745.7	808.3	851.8	946.30	967.60	1,023.75	1,072.20
Budget receipts	92.5	193.7	520.0	599.3	617.8	600.6	666.5	736.50	795.50	869.40	960.10
Surplus/deficit	+.3	−2.8	−73.8	−78.9	−127.9	−207.8	−185.3	−209.80	−171.90	−154.35	−112.10

CONFERENCE SUBSTITUTE, 1ST BUDGET RESOLUTION, FISCAL YEAR 1986—Continued

[In billions of dollars]

	1960–69	1970–79	1980	1981	1982	1983	1984	SBC 1985	SBC 1986	SBC 1987	SBC 1988
U.S. economy:											
Real GNP growth	3.9	3.5	−0.4	−1.9	−0.9	5.5	6.8	3.9	4.0	4.0	4.0
Unemployment	4.8	6.2	7.0	7.5	9.5	9.9	7.5	7.1	7.0	6.7	6.4
Interest rate (T-bill)	3.96	6.27	11.5	14.1	10.7	8.6	9.6	8.1	7.9	7.2	5.9
Inflation (GNP deflator)	2.33	7.1	13.5	10.4	5.9	4.6	3.4	4.1	4.3	4.2	3.9

Source: Senate Budget Committee, Aug. 1, 1985.